



Connecticut

Benefits From Exports

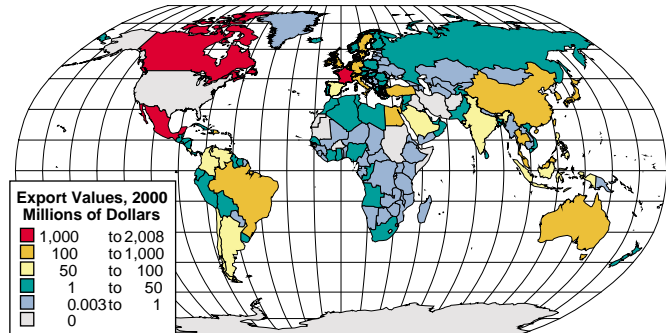
Connecticut's export sales of merchandise in 2000 totaled \$13.2 billion—a 16.3 percent increase from 1999. In 2000, Connecticut ranked 15th among all states in the total value of exports. Viewed on a per capita basis, Connecticut ranked sixth nationally, posting exports of \$3,870 for every state resident.

Connecticut exports globally to 191 foreign destinations. Nearly 24 percent—almost one-fourth—of the state's exports go to North American Free Trade Agreement (NAFTA) countries. Canada was Connecticut's largest market in 2000, accounting for 15.2 percent of total exports. Mexico ranked third and absorbed 8.4 percent of the state's exports. The number two market, France, accounted for 10 percent. Among the state's other top markets are Japan, the United Kingdom, Germany, Taiwan, China, Turkey, and South Korea.

Transportation equipment is by far Connecticut's largest export category, accounting for 25 percent of the state's 2000 exports. Other top manufactured exports are chemicals, computers and electronic products, and machinery. Connecticut also typically records significant export sales of farm products, due to the presence of agricultural wholesalers in the state.

CONNECTICUT EXPORTED GOODS WORTH \$13.2 BILLION TO 191 FOREIGN MARKETS IN 2000

Dollar Value of Connecticut's Merchandise Exports to Foreign Markets, 2000



Source: U.S. Department of Commerce, Exporter Location Series.

Within Connecticut, two metropolitan areas generated 57 percent—more than half—of the state's merchandise exports in 1999. The leader was Hartford, which posted export sales of \$3.9 billion, or 34 percent of the state total. Stamford-Norwalk was the second-ranking metro area, with exports of \$2.6 billion. Other metro areas with substantial exports were New Haven-Meriden, Bridgeport, and Danbury. Hartford and Danbury posted the fastest export growth over the 1993–99 period.

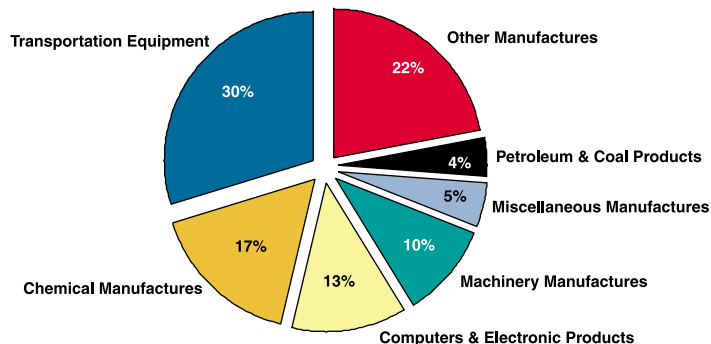
Exports Support Good Jobs

Export-related jobs tend to be good, high-paying jobs. Wages of workers in jobs supported by goods exports range 13–18 percent higher than the national average. Export-related jobs are also more secure: Exporting plants are 9 percent less likely to shut down than comparable nonexporting plants.

In 1997 (latest available data), Connecticut depended on manufactured exports for 105,500 jobs. Export-supported jobs accounted for an estimated 7.5 percent of the state's total private sector employment.

Manufactured exports supported 63,100 jobs—one of every four workers—in Connecticut's manufacturing industries.

CONNECTICUT EXPORTS A WIDE RANGE OF MANUFACTURES: \$11.0 BILLION IN 2000



Note: Manufactures are a subcategory of total merchandise exports, which also include mining commodities and unprocessed agricultural products.

Source: U.S. Department of Commerce, Exporter Location Series.

Manufacturing sectors with the most export-related jobs were transportation equipment, fabricated metal products, computers and electronic products, and machinery.

Exports of manufactured goods also indirectly supported 42,400 jobs in the state's nonmanufacturing industries. These industries supply manufacturers with a wide range of inputs needed to produce goods for export.

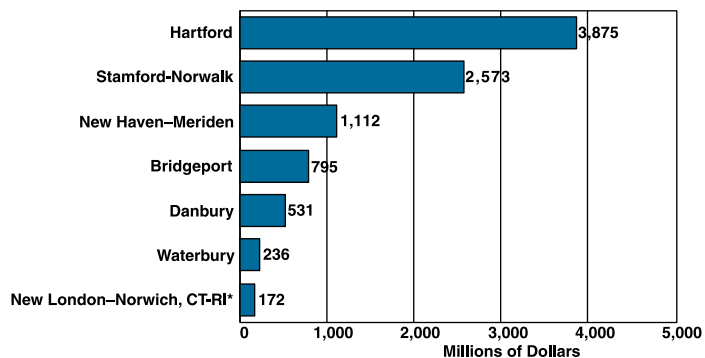
Exports Help Small Business

Exports have broadly benefited Connecticut's businesses—both large and small. In fact, small and medium-sized companies (fewer than 500 workers) were responsible for just over 38 percent of the state's total 1998 merchandise exports—well above the national average of 29 percent. In 1998, a total of 4,218 out of Connecticut's 4,966 known exporters (85 percent) were small and medium-sized businesses. Seventy-three percent of Connecticut's exporters had fewer than 100 employees.

Foreign Competitors Are Not Standing Still

While previous rounds of trade negotiations were highly successful in reducing trade barriers, much work remains to be done to level the playing field for U.S. businesses. In fact, the United States has fallen behind our trading partners in combating market barriers through free trade agreements. The United States is a party to just two of the estimated 130 free

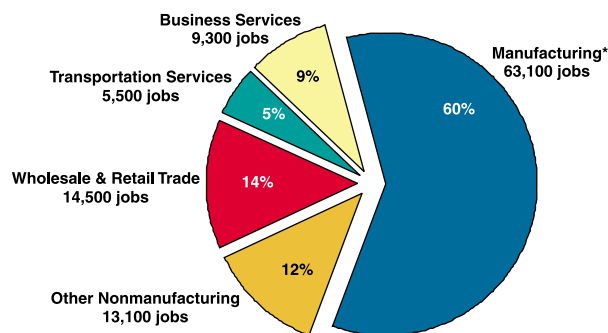
FIVE CONNECTICUT METRO AREAS POSTED EXPORTS OF \$500 MILLION OR MORE IN 1999



*This metro area partially overlaps into an adjacent state.

Source: U.S. Department of Commerce, Exporter Location Series.

105,500 CONNECTICUT JOBS DEPENDED ON MANUFACTURED EXPORTS IN 1997



*Includes 200 jobs tied to exports of processed foods.

Source: U.S. Department of Commerce, Bureau of the Census, Manufacturing & Construction Division.

TRADE PROMOTION AUTHORITY— KEY TO OPENING WORLD MARKETS

U.S. Trade Promotion Authority (also known as TPA or "fast track") is essentially an agreement between the President and Congress on how market-opening trade negotiations will be conducted and agreements approved.

Under TPA, the President involves Congress in trade negotiations from the start; Congress, in exchange, agrees to vote yes or no on any resulting agreement in its entirety, without amendments. The two branches set negotiating objectives and consult during trade talks while inviting public comment. This open process allows problems to be identified and resolved during negotiations, when agreement is most easily achieved.

TPA preserves the ability of the United States to protect public health, safety, and the environment.

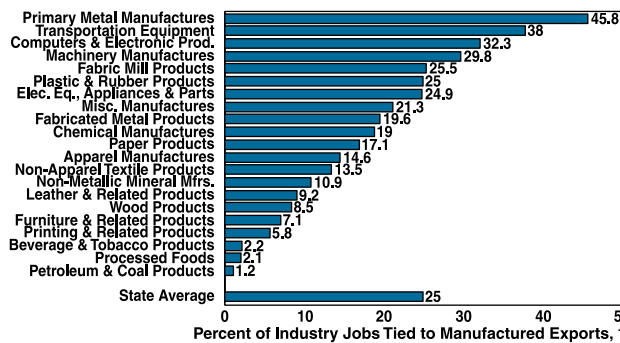
trade agreements in force worldwide. In comparison, the European Union has FTAs with 27 countries. Since U.S. tariffs are already low compared to those of our trading partners, the United States has a great deal to gain from future negotiations aimed at prying open foreign markets.

Connecticut Industries Can Gain From Trade Negotiations

Connecticut exporters still face many tariff and non-tariff barriers abroad, especially in developing countries. While developing nations are among the most promising markets, they also tend to have high levels of import protection. Trade negotiations aimed at reducing these barriers will significantly benefit Connecticut businesses across many industrial sectors.

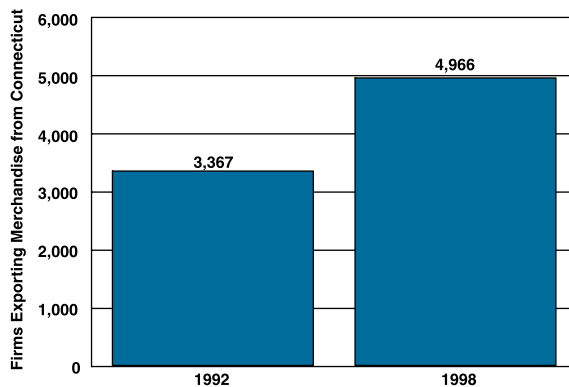
Civil aircraft and parts. The U.S. civil aircraft industry is the largest in the world. In 2000, total

ONE-FOURTH OF MANUFACTURING JOBS IN CONNECTICUT WERE TIED TO EXPORTS IN 1997



Note: In 1997, 25.0 percent of the 252,300 manufacturing jobs in Connecticut were tied to manufactured exports—some 63,100 jobs. For any given manufacturing sector, export-related employment includes all workers producing goods for export or of inputs to the export manufacturing process. Source: U.S. Department of Commerce, Bureau of the Census, Manufacturing & Construction Division.

THE NUMBER OF COMPANIES EXPORTING FROM CONNECTICUT ROSE 47 PERCENT FROM 1992 TO 1998



Source: U.S. Department of Commerce, Exporter Data Base.

exports of U.S. civil aircraft, engines, and parts were \$45 billion. Over the last five years, three of every five large civil aircraft produced in the United States were exported. The World Trade Organization (WTO) Agreement on Trade in Civil Aircraft provides for duty-free import of civil aircraft and their components by the 26 signatories to this agreement. However, import tariffs in nonsignatory countries remain as high as 30 percent. Also, a number of nontariff barriers impede Connecticut's exports of civil aircraft and parts. For example, some countries do not promptly or fully recognize the safety and international noise certification compliance of all U.S. civil aircraft.

Chemicals. Connecticut exports a variety of chemical products. TPA would allow the United States to build on duty reductions established under the Uruguay Round Chemical Tariff Harmonization Agreement (CTHA), which reduced tariffs to harmonized low levels on a range of products from fertilizers to

plastics. Since the end of the Uruguay Round, more advanced developing countries, most of which do not participate in the CTHA, have become increasingly important chemical producers. Tariffs in Asian countries outside the CTHA range up to 60 percent. New negotiations would offer the opportunity to address tariff disparities and the many nontariff barriers facing the chemical industry, including discriminatory product registration, testing/certification, and import licensing requirements.

Scientific equipment. The United States is the world's largest exporter of scientific equipment. Connecticut's exporters of these products would benefit from market opening initiatives, particularly tariff reductions that could result from a new WTO round. Tariffs on scientific equipment in many Latin American countries range from 4 percent to 25 percent, while those in some East Asian countries approach 40 percent. In addition to tariffs, exporters of scientific equipment also face nontariff restrictions such as cumbersome customs clearance and certification requirements.

Information technology. Connecticut's high-tech companies are beneficiaries of the Information Technology Agreement. The agreement eliminates duties on the entire IT sector in major markets throughout the world, with the exception of the larger markets of Latin America. Tariffs on IT products in key Latin American markets

remain as high as 30 percent. Beyond tariffs, IT products also face such nontariff restrictions as redun

CONNECTICUT: WHY TRADE PROMOTION AUTHORITY?

Trade Promotion Authority is critical for removing remaining barriers to exports of Connecticut goods and services.

Connecticut exporters still face major trade barriers in such sectors as civil aircraft and parts, chemicals, scientific instruments, and information technology.

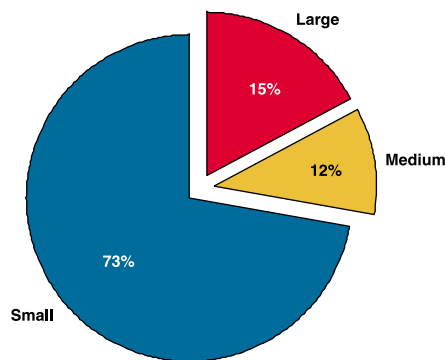
With the United States on the sidelines, foreign competitors are forging ahead and pursuing their own market-opening agreements.

Connecticut's economy is export-dependent, with export sales of \$3,870 for every state resident.

Nearly 106,000 Connecticut jobs depend on exports of manufactured goods.

4,966 companies—including 4,218 small and medium-sized businesses—export from Connecticut.

85 PERCENT OF CONNECTICUT'S 4,966 EXPORTING FIRMS IN 1998 WERE SMALL AND MEDIUM-SIZED ENTERPRISES



Small = less than 100 employees; medium = 100–499 employees; large = 500 or more employees.
Source: U.S. Department of Commerce, Exporter Data Base.

Imports Also Important to Connecticut

While exports generate clear benefits for the Connecticut economy (jobs, wages, expanded tax base, etc.), the role of imports is less clear—especially since no import statistics are available for states on an end-user basis. Although many often equate imports with “lost” jobs, the reality is usually much more complex. For example, there is no doubt that imports supply critical inputs for many of the goods and services produced in Connecticut, including products destined for export. Imports often play a key role in ensuring supplies of vital materials that are either scarce or simply not available domestically. More generally, imports provide consumers

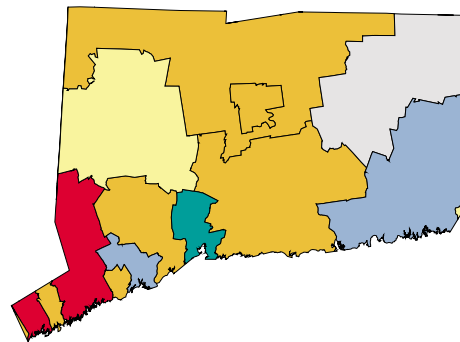
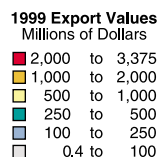
and businesses in Connecticut with wider choice in the marketplace, thereby enhancing living standards and contributing to competitiveness.

dant testing and certification requirements. U.S. suppliers, including those in Connecticut, would likely see sales rise if remaining barriers on IT products were eliminated. Heavy investment in research and development, which drives IT growth and employment, can only be sustained with expanding markets that spread R&D investments over a growing sales volume. Foreign markets are thus increasingly important to any R&D-based products, given the limits of domestic demand.

Agriculture. Connecticut produces and exports agricultural products. According to the U.S. Department of Agriculture, Connecticut’s agricultural exports totaled \$93 million in 1999. Since 1991, the state’s reliance on agricultural exports has risen from 14 percent to 19 percent as measured by export’s share of farm cash receipts. Connecticut’s top agricultural export is leaf tobacco. Connecticut already benefits from past trade agreements; however, U.S. agricultural exports still face high tariffs and nontariff barriers worldwide.

EXPORTS ARE SOLD FROM ALL OVER CONNECTICUT

Connecticut’s Merchandise Exports by Three-Digit Zip Code, 1999



Note: Connecticut’s total merchandise exports in 1999 were \$11.3 billion.
Source: U.S. Department of Commerce, Exporter Location Series.

Services. Services are the biggest component of the U.S. economy and now account for more than one-fourth (28 percent) of U.S. exports to the world. Service exports in 2000 totaled \$296 billion; the United States ran a surplus of nearly \$80 billion in services trade with the world. Exportable services include transportation services (e.g., air freight), financial services (e.g., banking, insurance) and business services (e.g., engineering, architecture). Service industries confront a wide range of barriers abroad. Trade Promotion Authority will provide added impetus to the new round of global services trade negotiations now under way to dismantle these barriers.